

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Table of Contents

Table of Contents .....	1
Overview .....	3
Introduction .....	3
Disclaimer .....	3
Definitions .....	4
Applicable Laws .....	6
Honoring the Garnishment .....	6
Garnishments on Workers' Compensation Payments .....	7
Garnishment Fee .....	7
Deduction Processing Features .....	7
Remittances .....	7
Third Party Checks Deductions 002 - 008 .....	7
Before You Begin .....	8
Identify Withholding Requirements .....	8
Prioritize Multiple Orders .....	9
Prioritization Examples .....	9
Special Considerations .....	10
Identify the Appropriate Withholding Deduction .....	12
Establishing Third Party Payee Names .....	14
Data Entry Procedures, H0ZDC .....	15
Deductions .....	15
Federal Tax Levies .....	17
Processing Procedures .....	18
Terminating Third Party Deductions .....	18
Calendar Year End Processing .....	18
H0ZDC Examples .....	19
H0ZDC Examples .....	19
Fee for Garnishments, Support Orders and Tax Lien Deductions .....	23
Background .....	23
Guidelines .....	23
Multiple Orders .....	23
Court Orders Served But Not Processed .....	23
Out-of-State Support Orders .....	23
Fee Exemptions .....	24
Procedures .....	24
Establishing the Garnishment Fee Deduction .....	24
Example Screen .....	24
Internal Control .....	25
Agency Responsibility .....	25
Record Retention .....	25

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

Time Period.....	25
Contacts.....	25
Contacts.....	25
Subject Cross References.....	25
References.....	25

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Overview

### Introduction

This topic provides detailed information for establishing deductions for court ordered third party payments for:

- Child Support
- Federal Administrative Withholding Orders
- Court-ordered Garnishments
- Federal Tax Levies
- State Tax Liens
- Bankruptcy

Recent changes in child support laws, the availability of "easy credit", and economic growth in general are factors contributing to the rise in the volume and complexity of wage attachments. Garnishment administration is becoming a specialized area requiring substantial knowledge of applicable Federal and State laws, coupled with the ability to interpret and apply those legal requirements under specific and often unique conditions. There may be no other functional area in payroll that subjects the Agency and its representatives to as much risk for financial penalties, as well as criminal prosecution for noncompliance and/or negligence as does garnishment administration.

### Disclaimer

This topic provides basic guidelines, references, and CIPPS processing procedures related to deducting and remitting third party payments for common withholding orders. *It does not provide guidance or instruction for all cases.* Agencies are responsible for conducting their own research, and/or seeking legal advice and opinions where situations warrant. A withholding order is a legal document (writ) requiring the employer (Agency) to comply with certain tasks, terms, and conditions. Therefore, it is the Agency that bears the ultimate responsibility and accountability for compliance.

**Seek guidance from your agency legal counsel for any writ in question.**

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Overview, Continued

### Definitions

The following table provides definitions of various terms and acronyms, which will be used throughout this topic or seen on actual withholding orders.

<b>Term</b>	<b>Definition</b>
amount exempt from levy	Term used in Federal tax levies means the amount computed from publication 1494 which is required to be left to an employee's "take-home" pay, with the remainder being deducted for the levy. Not to be confused with "guaranteed minimum net".
amount subject to garnishment	Also referred to as "amount available for garnishment". The term as used in COV 34-29 means the actual amount that will be garnished, or the amount of the deduction.
CCPA	Consumer Credit Protection Act. Federal garnishment law. (Title 15 USC 1673)
COV	<b>Acronym used throughout this topic for "Code of Virginia".</b>
deductions required by law	Term used in COV 34-29 definition of "disposable pay". Common law interpretation is that only tax deductions apply (FITW, SITW, & FICA), not other wage attachments.
disposable earnings	Also referred to as "disposable pay". Means that part of the earnings of any individual remaining after the deduction from those earnings of any amounts required by law to be withheld (COV 34-29).
DSS/EDI child support deduction	CIPPS term for child support orders that are paid to Department of Social Services Division of Child Support Enforcement through Electronic Data Interface. CIPPS uses deduction 001.
earnings	Means compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise (COV 34-29).
garnishee	Term used on garnishment instruments issued from Virginia courts refers to the employer (Agency) who must comply with the order.
garnishment	Means any legal or equitable procedure through which the earnings of any individual are required to be withheld for payment of any debt (COV 34-29).

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Overview, Continued

### Definitions, continued

<b>Term</b>	<b>Definition</b>
guaranteed minimum net	As defined in the CCPA and COV 34-29, creditor garnishments cannot reduce an employee's disposable pay for any given workweek below 40 times the current Federal minimum hourly wage. This term should not be confused with "amount exempt from levy."
judgement creditor	Term used on garnishment instruments issued from Virginia courts refers to the creditor or plaintiff who files the garnishment suggestion. Such plaintiff must have obtained a judgement in a previous case.
judgement debtor	Term used on garnishment instruments issued from Virginia courts refers to the individual (employee) whose pay will be garnished.
return date	Term used on garnishment instruments issued from Virginia courts refers to the date that the garnishment must be paid or answer filed with the court. Normally is 90 days from the date the garnishment is filed.
support deduction	CIPPS term for child support orders that are paid directly to a custodial parent or out-of-state agency by means of a third party check. CIPPS uses deduction 002.
take-home pay	Term used for computation of Federal Tax Levies refers to what is normally considered "net" pay. Gross pay minus all taxes and deductions in effect when the levy is received.
tax levy	Term used to describe an involuntary withholding order for payment of delinquent Federal Taxes.
tax liens	Term used to describe involuntary withholding orders for payment of delinquent State or local taxes.
wage assignment	A voluntary third party withholding agreement.
wage attachment	Legal instrument which requires the involuntary withholding of an individual's pay for payment of any debt or support requirement. Also see "garnishment."
writ of fieri facias	Legal term for the garnishment suggestion (instrument).

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Overview, Continued

### Applicable Laws

The Consumer Credit Protection Act (CCPA), codified under the United States Code 15 USC 1673, protects consumers from unfair or harsh debt collection practices. Although not all forms of wage attachments are covered under the CCPA, deductions for non-CCPA wage attachments must still be considered in computing amounts available for garnishment (29 CFR 870.11). The following table provides basic code references for the common forms of wage attachments. It is not all-inclusive:

Wage Attachment	Federal Law	State Law
Child Support Orders	15 USC 1673 (CCPA) 29 CFR 870 42 USC 666	COV 20-79 COV 63.1-250 COV 20-88 COV 63.1-250.3 COV 34-29 COV 63.1-256
Creditor Garnishments	15 USC 1673 (CCPA) 29 CFR 870	COV 34-29 COV 8.01-512.4 COV 8.01-511
Defaulted Student Loan Withholding Orders	20 USC 1095a	Not Applicable
Federal Administrative Wage Garnishment	31 USC 3720d	Not Applicable
Federal Tax Levies	IRC 6331 IRC 6334 IRC 6332 IRC 6343	Not Applicable
State Tax Liens	15 USC 1673 (b)(C)	COV 58.1-1804 (Income Tax) COV 58.1-3952 (Local Taxes)
Bankruptcy	11 USC Chapters 7 & 13 15 USC 1673 (b)(B)	Not Applicable

### Honoring the Garnishment

If an agency receives a notice of garnishment or levy prior to the distribution of an employee's paycheck or earnings notice, the agency must process the garnishment or levy in the current pay period regardless of whether the employee's paycheck or notice has already been prepared or certified.

All orders must be answered regardless of whether they are deducted. The agency can be held liable for the full judgement amount if the authority issuing the garnishment is not notified.

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Overview, Continued

### Garnishments on Workers' Compensation Payments

Garnishments ordered by a court must be honored, even on workers' compensation payments. It is up to the Judgement Debtor to claim exemptions from garnishment through the court. Instructions for claiming exemptions and requesting a hearing are provided on form DC-454, which is included in the employee's copy of the garnishment order.

### Garnishment Fee

A fee may be associated with the collection of certain third party payments. The amount and the number of times to be withheld may vary, depending on the type of deduction. Refer to the "Fee for Garnishments, Support Orders and Tax Liens Deduction" section within this topic.

### Deduction Processing Features

CIPPS allows you the flexibility to setup the garnishment deduction to:

- Take a percentage of net pay or
- Take a flat amount
- Decrease the goal amount by each deduction to show balance due
- Enter a dollar amount or date in the goal field to stop the deduction; and
- Ensure the employee retains the "guaranteed minimum net"

### Remittances

In CIPPS the deduction number determines the remittances method, as described below:

<b>Department of Social Services (DSS)/EDI Deduction 001</b>	<p><b>Deduction 001</b> provides a means to expedite the remittance of child support payments to the Department of Social Services. The deduction allows the remittance to occur through Electronic Data Exchange.</p> <p>H0901 <b>is not</b> established for Deduction 001.</p>
<b>Third Party Checks Deductions 002 - 008</b>	<p><b>Deductions 002 through 008</b> generate a third party check payable to the recipient on H0901. The checks are returned to the agency along with other payroll checks and reports.</p> <p>H0901 <b>must be</b> established for Deductions 002-008 in order for the deduction to be accepted on H0ZDC.</p>

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Before You Begin

### Identify Withholding Requirements

Thoroughly read each withholding order in its entirety. Although standard forms are used, the information contained in the order is unique to the particular case. Each type of wage attachment has its own requirements in determining the calculation method, basis of calculation, limits, remittance requirements, information requirements, due dates, and means for which it can be satisfied or stopped. The payroll administrator should be able to answer the following questions concerning the wage attachment:

- What type of wage attachment is it? i.e. court-ordered creditor garnishment, child support order, Tax Levy, etc.
- What laws or regulations govern the requirements of the wage attachment? See "Applicable Laws" section previously provided in this topic.
- Based on the answers to the above questions, will the deduction be computed on a percentage basis, flat amount, or other method such as an exemption amount or guaranteed net?
- If a percentage deduction is required, what is the basis of the percentage? i.e. "gross pay", "net pay", "disposable pay", "take-home pay", or other unique method.
- What is the frequency of the payments (remittance)? i.e. each payday, monthly, lump sum on return date, etc.
- If the deduction cannot be taken, who do I need to respond to? When?
- When do I start taking the deduction?
- When do I stop taking the deduction?

This information will provide the basis for determining the deduction type to be used and the set-up requirements.

*Continued on next page*



Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Before You Begin, Continued

### Prioritize Multiple Orders

State laws govern the priority of withholdings when an employee is served with multiple orders. The priority guidelines are as follows:

Withholding Type	Guideline
Child Support	Takes priority over any garnishment or deductions under state law.
Bankruptcy	Title 11 Chapter 13 orders take priority over creditor garnishments and child support in most instances. It is advisable to contact the issuing authority to obtain clarification when a current child support order exists.
Garnishment	Priority is based on the garnishment received first. Notify in writing, the clerk of the court from which the second garnishment was issued if the employee is at the maximum amount on a prior garnishment.
Federal Tax Levies	Normally allow amounts for all current deductions (including wage attachments) which are in effect when the Levy is received, to continue. The tax levy takes priority over all wage attachments and voluntary deductions (including changes) which are received after the levy, including child support.  Note: Contact the IRS office issuing the levy in the event a child support order is received after the levy is in effect.
State Tax Liens (Commonwealth of Virginia)	Follows the same handling priority as garnishments issued under state law. However, in some instances up to 100% of disposal pay may be taken in addition to the current wage attachment.

### Prioritization Examples

Once the priority is determined, you must determine whether the second order can be taken at all, held until the priority order is satisfied, or taken at a reduced amount. Title 29 CFR 870.11 provides examples that are helpful in making this decision. Some common situations include:

- Garnishment "A" is currently being deducted with a return date of August 15<sup>th</sup>, Garnishment "B" is received with a return date of September 30<sup>th</sup>. Garnishment "B" should be held until Garnishment "A" is satisfied on August 15<sup>th</sup>, then deducted until the return date of September 30<sup>th</sup>.

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Before You Begin, Continued

### Prioritization Examples, continued

- A child support order is currently in effect until September 2003 at the amount of \$500.00, which is 50% of the obligor's disposable pay. Garnishment "C" is received with a return date of August 15, 2000. Garnishment "C" cannot be taken because more than 25% of the employee's pay is already being withheld for the child support. Garnishment "C" must be answered with an explanation that the garnishment cannot be withheld due to COV 34-29 limits being exceeded by a priority withholding order.
- A child support order is currently in effect until September 2003. The child support amount is \$200.00, which is only 15% of the obligor's disposable pay. Garnishment "D" is received with a return date of August 15, 2000. Continue to deduct the full child support amount plus 10% for Garnishment "D", so long as the combined orders do not exceed 25% of disposable pay. Garnishment "D" must be answered by August 15<sup>th</sup> with the remittance and an explanation that the reduced amount was due to an existing priority withholding order.

**Note:** All orders must be answered regardless of whether they are deducted. The agency can be held liable for the full judgement amount if the authority issuing the second garnishment is not notified.

### Special Considerations

**Out-of-State Child Support Orders.** The Uniform Interstate Family Support Act (UIFSA) requires employers to honor out-of-state child support orders. The act also provides that while the order controls the amount deducted and the person or agency designated to receive the payments, the administrative process (e.g. administrative fees, timing and frequency of deduction, and maximum limits) is controlled by the obligor's work state (Virginia).

**Out-of-State Creditor Garnishments.** Due to the specific requirements placed on Creditor Garnishments by the Code of Virginia, garnishments issued by courts not having jurisdiction within Virginia are generally not honored. Out-of-State garnishments should be answered with the suggestion that the withholding order be domesticated in a Virginia court. Seek a qualified legal opinion if in doubt. Note: this does not apply to Child Support Orders or any withholding order issued by a Federal Court or Agency.

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Before You Begin, Continued

### Special Considerations, continued

**Bankruptcy Orders.** Bankruptcy is unique in that simply filing a petition for relief under chapter 13 invokes a stay of involuntary collection actions under 11 USC 1301. When an employee produces evidence of filing chapter 13, cease withholding of all wage attachments (except Federal Tax Levies) and notify the issuing authorities (including IRS if applicable) and the Bankruptcy court. It is recommended that funds collected prior to filing the bankruptcy petition be held until instructions are provided from the Clerk of the Bankruptcy Court, Trustee, or Court that issued the garnishment. Once the Chapter 13 withholding order is issued, follow the terms and instructions contained in the order.

**Federal Tax Levies.** Once a notice of Levy is issued it must be withheld until a Release of Levy (Form 668-D) is received. Agencies should be aware that employee disputes and fear of employee litigation are not good cause for failing to honor the levy. Carefully follow the instructions on levy, paying particular attention to the instructions for figuring the amount exempt from levy found on the reverse of form 668-W(C)(DO).

### State Tax Liens (Commonwealth of Virginia):

- **COV 58.1-3952 (local taxes):** These orders are entitled to 100% of net without regard to CCPA limits. In the event an order is received that exceeds 100% of net for a single pay period, it is recommended that the locality that issued the order be contacted to see if a more lenient payment schedule will be acceptable. The locality may insist on a 100% of net deduction.
- **COV 58.1-1804 (income tax):** These orders are also entitled to up to 100% of net however the law does provide for an "exempt from lien" amount. Unlike the Federal levy process, the exemption is not automatic. The employee must complete form CS-7 and it must be approved by the Department of Taxation prior to reducing the amount withheld.

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Before You Begin, Continued

### Identify the Appropriate Withholding Deduction

Before entering data on the employee's masterfile to initiate the court ordered withholding, you must determine which deduction or deductions best achieve the desired result. In CIPPS certain deductions are specific to a particular withholding type. For example, two deductions have been established in CIPPS to handle child support remittances. However, the deduction set-up and remittance method differs for these two deductions.

Additionally, several deductions have been established to handle the processing of involuntary court ordered withholdings such as, garnishments, bankruptcy orders and tax levies. However, only one of these deductions provides for a guaranteed net amount, based on CCPA limits.

The table that follows will assist you in determining which deduction set up is appropriate for any given withholding type:

If the court order is for a...	Then use...	Calculation Description
Child support deduction payable through Virginia DCSE (DSS/EDI); and the obligor (employee) is paid on a semi-monthly frequency.	Deduction 001.	<b>Uses calculation method 96 *.</b> Percentage deductions calculate gross minus taxes, minus all pre-tax deductions.
Child support or spousal support payable directly to the non-custodial parent.	Deduction 002, or deductions 003 – 008 for multiple orders.	<b>Uses calculation method 95,96, or 75 depending on what deduction number is selected.</b>
Child support order issued by a State other than Virginia.		
All support orders for employees paid other than semi-monthly.		
Garnishment (percentage or flat amount).	Deduction 003, 004, or 005	<b>Uses calculation method 95.</b> Percentage deductions calculate gross minus taxes.
Bankruptcy (flat amount).		Cannot use a date in the goal field nor decrement the goal amount for these deductions.
Tax levy or Tax Lien (flat amount, percentage, or "amount exempt from levy" method.		

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Before You Begin, Continued

### Identify the Appropriate Withholding Deduction, continued

If the court order is for a...	Then use...	Calculation Description
Garnishment (flat amount).	Deduction 006 or 007	<b>Uses calculation method 96*.</b> Percentage deductions calculate gross minus taxes, minus all pre-tax deductions.  Can decrement the goal amount by each deduction.
Bankruptcy (flat amount).		
Tax Levy or Tax Lien (flat amount).		
Garnishment on wage employees, or permanent part-time salaried employees.	Deduction 008	<b>Uses calculation method 75.</b> Percentage deductions calculate gross minus taxes <u>and provides for a guaranteed net based</u> on federal regs.
Garnishment on any employee whose earnings may drop below \$200.00 per week.		

\* Since percentage deductions calculated using calculation method 96 may not meet the definition of "disposable pay" per the CCPA and Code of Virginia 34-29, it is recommended for use with flat amounts only.

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Data Entry Procedures, H0901

### Establishing Third Party Payee Names

Complete H0901 prior to establishing the deduction on H0ZDC. Complete the command line as referenced in CAPP Topic No. 50110, *CIPPS Navigation*. Hint: If the first H0901 screen accessed has already been completed, use GU on the command line to “scroll” until a blank screen appears.

- COMPANY** Enter the company number.
- EMPLOYEE NUMBER** Enter the employee number.
- NAME NUMBER** Enter the appropriate name number. Numbers are assigned in sequential order, #1 for the first, #2 for the second, etc.
- Payee Name** Enter the Payee Name as it should appear on the check.
- Payee Mailing Address** Enter the Payee’s complete mailing address. appear.
- Garnishment Case Number** Enter the garnishment number.
- Garnishment Case Name** Enter the garnishee’s name. **Do not enter any information below the garnishment case name.** When data entry is complete, press Enter. The employee name will

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Data Entry Procedures, H0ZDC

### Establishing Third Party Deductions

After completing H0901, establish the appropriate deduction in the masterfile on H0ZDC. Access H0ZDC using routine CIPPS navigation.

**DEDUCTION NO.** Enter the appropriate deduction number.

If processing...	Then enter ...
Garnishments or a withholding calculated on a “gross-minus-taxes” amount,	Deduction 003, 004, or 005.
Support orders or a withholding based on gross minus taxes minus all pre-tax deductions amount,	Deduction 002, 006 or 007.
Court orders providing for a guaranteed net amount, based on current federal regulations,	Deduction 008.

**NAME** Tab past the **NAME**. This information is displayed when the screen is complete.

**AMT/PCT** Enter a dollar amount or percentage to calculate the amount withheld. Coordinate this field with the first position in the utility field.

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Data Entry Procedures, H0ZDC, Continued

### Deductions (continued)

#### **GOAL**

Enter the goal amount.

<b>For deduction(s)...</b>	<b>Then enter the...</b>
003, 004, or 005	Total amount to be withheld or no goal.
001, 002, 006, or 007	Dollar amount or no goal.
008	Total amount be withheld.

#### **UTILITY**

Enter/change the utility field to denote whether an amount or a percentage is entered in the AMT/PCT field. See CAPP Topic 60201, *CIPPS Codes*, for information on the setup of each individual deduction's utility field set-up.

#### **Calc**

Tab past the **CALC**. This information is displayed when the screen is complete.

#### **GN**

Tab past the **GN**. This information is displayed when the screen is complete.

#### **FR (Frequency)**

Enter any valid value, usually **09**.

#### **PRTY**

Not used at this time.

#### **START DATE (OPTIONAL)**

Enter the beginning date for the deduction. Enter as MM/DD/YYYY. The deduction will begin during the first payroll period when the date is less than the CTL period end date.

#### **END DATE (OPTIONAL)**

Enter the cut-off date for this deduction. Enter as MM/DD/YYYY. The deduction will end during the payroll period when the date is less than the CTL period begin date.

#### **DED MTD**

Total month-to-date withholding for this deduction.

#### **DED YTD**

Total year-to-date withholding for this deduction.

*Continued on next page*



Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Data Entry Procedures, H0ZDC, Continued

### Federal Tax Levies

A Federal Tax levy may be computed and entered as a flat amount using any deduction 003 through 007 as long as the employee's earnings remain static. The manual computation/flat amount method may be excessively time consuming for salaried employees who regularly earn overtime payments, or hourly employees who work fluctuating hours. Calculation of the levy amount can be automated as follows:

Step	Procedure	Remarks	
1	Determine "exempt from levy" amount from IRS Pub 1494	Use filing status and number of exemptions from the taxpayer's certification, part 3 of the levy. If the employee fails to complete this form compute as married filing separately with one exemption.	
2	Determine other deductions, in effect prior to the levy, which will also be exempt.	Follow instructions on the levy form. Normally all deductions will be exempt unless instructed otherwise by the IRS. Do not include FIT, FICA, or SIT tax deductions as the system will automatically consider these. Do not include Direct deposit deductions, these are methods of payment and do not meet the IRS "deduction" criteria.	
3	Add amounts from steps 1 & 2 and round up to the nearest whole dollar.	Example: Pub 1494: 529.17 Premium Conversion: 75.00 Deferred Comp: 50.00 Total: 654.17 = 655	
4	Use any calc method 95 garn ded (003, 004, 005)	Set up third party payee information on H0901 as described earlier in this topic.	
5	Set up H0ZDC for deduction 003, 004, or 005 with this unique information.	<b>Field</b>	<b>Entry</b>
		FR	09
		AMT/PCT	Enter amount from step 3.
		GOAL (Optional)	Total Amount of Levy
		1-16	Enter zeros.
		17	Enter number of corresponding H0901 record.
		18	Enter zero.

This set-up always produces a net check up to the amount exempt from levy (may be odd-cents difference due to rounding), allowing exempt deductions, with the excess being taken by the levy regardless of the period's earnings.

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Processing Procedures

### Terminating Third Party Deductions

If a goal is entered on H0ZDC, the deduction will not be taken once the deduction year-to-date amount equals the goal amount, or if decrementing the goal, once the goal amount has been reduced to zero. If a date was entered in the goal field, the deduction will stop when the goal date is reached. To stop a deduction at any time, change the deduction frequency to 00.

### Calendar Year End Processing

Before processing the first payroll of each calendar year, it is important to review each deduction that has been established with a goal. Since these deductions stop when the YTD is reset to “0” at the end of each calendar year, these deductions may reactivate and withhold more than is required.

<b>If the deduction is...</b>	<b>Then...</b>
to continue,	decrease the goal amount by the previous calendar year's withholdings.
not to continue,	change the frequency to 00 to deactivate it.

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## H0ZDC Examples

### H0ZDC Examples

The examples that follow demonstrate the H0ZDC set-up of various garnishment deductions.

### H0ZDC

Deduction	Example
003	Amount and a goal.
004	Deduction taken as a percentage and no goal.
005	Deduction taken as a percentage with a goal.

The screenshot displays the 'Sna - EXTRA! Personal Client' interface. The main window shows 'EMPLOYEE DEDUCTIONS' for employee CHARLES CONNER (ID: 11111111300). The table lists deductions for 08/08/04:

NO	NAME	CALC	GN	FR	PRTY	AMT/PCT	START DATE	GOAL	END DATE	UTILITY	DED MTD	DED YTD
70	DDSAVING	91	2	09	000	1.00000	00/00/0000	.00	00/00/0000	2000000000200000000	.00	.00
i_003		00	0	09	000	125.00	00/00/0000	500.00	00/00/0000	000000000000000010	.00	.00
i_004		00	0	09	000	.25	00/00/0000	.00	00/00/0000	200000000000000010	.00	.00
i_005		00	0	00	000	.25	00/00/0000	500.00	00/00/0000	200000000000000010	.00	.00

At the bottom, it shows 'A205N-END OF LIST' and a status bar with 'SNA Server: Connected T1' and '10:56 AM'.

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## H0ZDC Examples, Continued

### H0ZDC Example

Deduction	Example
001	Amount and no goal..
002	Deduction taken as a percentage and no goal.
002	Deduction taken as a percentage with a goal.

The screenshot displays the 'Sna - EXTRA! Personal Client' window. The main menu includes File, Edit, View, Tools, Session, Options, and Help. The status bar at the bottom shows 'SNA Server: Connected T1', a timer at ':00.3', the date '20/24', and the time '10:58 AM'.

The main display area shows the following information:

- COMPANY--> 00230 EMPLOYEE NUMBER--> 11111111300
- NAME-----> CHARLES C CONNER
- EMPLOYEE DEDUCTIONS-----

NO	NAME	AMT/PCT	GOAL	UTILITY	DED YTD
CALC GN FR	PRTY	START DATE	END DATE	DED MTD	
70	ODSAVING	1.00000	.00	2000000000200000000	.00
91 2 09	000	00/00/0000	00/00/0000	.00	.00
i_ 001		125.00	.00	000000000000000000	.00
00 0 09	000	00/00/0000	00/00/0000	.00	.00
i_ 002		.25	.00	200000000000000010	.00
00 0 09	000	00/00/0000	00/00/0000	.00	.00
i_ 002		.25	500.00	200000000000000010	.00
00 0 00	000	00/00/0000	00/00/0000	.00	.00

A205H-END OF LIST

09/08/04 10:49:53 1 M3LL CIDL

Continued on next page

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## H0ZDC Examples, Continued

### H0ZDC Example

Deduction	Example
006	Flat amount and decrement the goal.
007	Flat amount and no goal.
006	Deduction taken as a percentage and decrement the goal.
007	Deduction taken as a percentage with no goal.

```

IRMA WorkStation: 3270 Terminal [ sessions* (A) ]
File Edit Control Settings Window Help
> GLH 230 ON HSEFM

-----PENDING FILE MAINTENANCE-----

COMPANY--> 00000 PAGE NUMBER--> 00000

EMPLOYEE NO  TCD TRN  RELEASE EFF  REL  PRINT DATE
0000000000  _  REL  00000000  0  00000000

EMPLOYEE NO  TCD TRN  ENTRY DT  SEQ NO1  SEQ NO2  TRC CD  EFF DT
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000
0000000000  _  BFM  00000000  00000000  00000000  _  00000000

08/22/00 15:40:48 M3LL CIP5
  
```

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## H0ZDC Examples, Continued

### H0XDC Example

Deduction	Example
008	Deduction taken as a percentage and a goal.
008	Flat amount and a goal.

The screenshot displays the 'Sna - EXTRA! Personal Client' interface. At the top, it shows 'File Edit View Tools Session Options Help'. Below the menu bar is a toolbar with various icons. The main window displays the following information:

> C 230,11111111200,069 ON H0ZDC

-----EMPLOYEE DEDUCTIONS-----

COMPANY--> 00230 EMPLOYEE NUMBER--> 11111111200  
NAME-----> BARBARA BAKER

NO	NAME	AMT/PCT	GOAL	UTILITY	DED YTD
CALC GN FR	PRTY	START DATE	END DATE	DED MTD	
68 DDSAYNG2		100.00	.00	000000000200000001	
91 2 09 000	00/00/0000	00/00/0000		.00	.00
69 DDCHKING		1.00000	.00	200000000200000000	
90 2 09 000	00/00/0000	00/00/0000		.00	.00
i_ 08		.25	750.0000	200000000000000010	
00 0 09 000	00/00/0000	00/00/0000		.00	.00
i_ 08		125.00	500.00	000000000000000010	
00 0 09 000	00/00/0000	00/00/0000		.00	.00

A205H-END OF LIST

09/10/04 10:21:18 1 M3LL CIDL

NUM 10:23 AM

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Fee for Garnishments, Support Orders and Tax Lien Deductions

**Background** The Code of Virginia provides for the assessment of fees to be paid by both full time and part-time employee for the costs of collection of garnishments, tax liens and child support orders. Executive Branch agencies must collect these fees as follows:

Code of Virginia	Collection Fee	Frequency
§ 8.01-512.2	Garnishment \$10.00	once per summons
§ 63.1-256	Child Support \$ 5.00	per remittance/per order
§ 58.1-1804	Tax Lien \$20.00	once per tax lien

**Guidelines** Fees are imposed on the employee's disposable income (gross wages less deduction required by law) after the court-ordered deduction but before any voluntary deductions (i.e., health care or flexible spending accounts). If the employee's disposable income is not sufficient to deduct the fee during the pay period the court order is initiated, then:

- support order fees are waived,
- fees for garnishments and tax liens must be collected when funds become available.

**Multiple Orders** In the event you have a child support order in combination with a garnishment or tax lien you may do a tax and deduction override to add the appropriate fee to the regularly collected support order fee.

**Court Orders Served But Not Processed** If an agency is served with a court ordered withholding for a garnishment or tax lien, that is subsequently resolved prior to payroll processing, the agency is still obligated to assess the garnishment fee.

**Out-of-State Support Orders** Out of state support orders with an administrative (garnishment) fee different from Virginia **does not override** the required assessment.

*Continued on next page*

Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Fee for Garnishments, Support Orders and Tax Lien Deductions, Continued

<b>Fee Exemptions</b>	Fee should not be collected on the following court ordered withholdings; bankruptcy, IRS federal tax levies, local and county tax liens, and voluntary wage agreements.
-----------------------	---

## Procedures

<b>Establishing the Garnishment Fee Deduction</b>	Deduction 019 (GARN FEE) has been established to withhold the fee associated the collection of court ordered withholdings. Deduction 019 should be established on H0ZDC as follows:
---	---

Deduction 019	FQ	AMT/PCT	GOAL	UTILITY
Support Order	09	5.00	0.00	000000000000000000
Garnishment	09	10.00	10.00	000000010000000000
Tax Lien	09	20.00	20.00	000000010000000000

## Example Screen

NO	NAME	CALC	GN	FR	PRTY	START DATE	AMT/PCT	GOAL	END DATE	UTILITY	DED MTD	DED YTD
68	D0SAVNG2					00/00/0000	100.00	.00	00/00/0000	000000000200000001	.00	.00
91	2	09	000			00/00/0000						
69	D0CHKING					00/00/0000	1.00000	.00	00/00/0000	200000000200000000	.00	.00
90	2	09	000			00/00/0000						
i_03						00/00/0000	.25	750.0000	00/00/0000	200000000000000010	.00	.00
00	0	09	000			00/00/0000						
i_19						00/00/0000	10.000	10.000	00/00/0000	000000010000000000	.00	.00
00	0	09	000			00/00/0000						



Volume No. 1—Policies and Procedures	<b>TOPIC NO. 50405</b>
Function No. 50000—Payroll Accounting	<b>TOPIC COURT-ORDERED WITHHOLDINGS</b>
Section No. 50400—Deductions	July 2005

## Internal Control

---

<b>Agency Responsibility</b>	It is the responsibility of the employing agency to ensure that third-party payments are deducted in accordance with the Court Order or levy, and that payments are forwarded to the creditor by the due date.
------------------------------	--

---

## Record Retention

---

<b>Time Period</b>	Payroll records and documentation should be retained for 5 years or until audited , whichever is later.
--------------------	---

---

## Contacts

---

<b>Contacts</b>	<p>Director, State Payroll Operations  Voice: (804) 225-2245  E-mail: <a href="mailto:Payroll@doa.virginia.gov">Payroll@doa.virginia.gov</a></p> <p>Payroll Business Analyst/Trainer  Voice: (804) 225-3120 or (804) 225-3079  E-mail: <a href="mailto:Payroll@doa.virginia.gov">Payroll@doa.virginia.gov</a></p>
-----------------	---

---

## Subject Cross References

---

<b>References</b>	<p>CAPP Topic No. 50110, <i>CIPPS Navigation</i>  CAPP Topic No. 60201, <i>CIPPS Codes</i></p>
-------------------	--